



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Ted Stewart
Executive Director

James W. Carter
Division Director

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340
801-359-3940 (Fax)
801-538-5319 (TDD)

June 22, 1995

CERTIFIED RETURN RECEIPT
P 074 978 944

Paul C. Spor
General Manager
North Lily Mining Company
P.O. Box 421
Eureka, Utah 84628

Re: Request for Release of Interest on Certificate of Deposit (CD), North Lily Mining Company (North Lily), Tintic Heap Leach Project, M/023/007, Juab County, Utah

Dear Mr. Spor:

This letter is in response to your telephone request conveyed to Wayne Hedberg, Minerals Permit Supervisor on June 12, 1995. In February of 1994, North Lily made a request for partial release of the reclamation surety in recognition of the reclamation earthwork which had been performed as of that date. In response to that request a letter dated March 30, 1994, was sent by the Division which allowed North Lily to reduce the existing surety amount. North Lily chose not to reduce the surety at that time.

The current request by North Lily is for release of the interest which has been accrued by the CD (First Security Bank account number ~~1234567890~~). As of June 9, 1995, the account balance was reported as \$181,481.47. By this letter, the Division grants North Lily permission to withdraw the amount of interest which exceeds the surety amount of \$158,900. The amount of interest which may be withdrawn is \$22,581.47. We are aware of the "rollover" date of June 25 for this particular account; therefore, North Lily may withdraw this interest amount from the account at the earliest convenience. A copy of this letter is also being sent to the Payson Office of First Security Bank for their records. If you have any questions in this regard please contact me or Wayne Hedberg of the Minerals Staff.

Sincerely,

Lowell P. Braxton
Associate Director, Mining

jb

Enclosure: March 30, 1994 letter w/attachments, copy of interest notice

cc: Payson Office, First Security Bank
Bond File M/023/007

M23-07CD.LET

0001

First Security Bank®

m/023/007
hand file

FIRST SECURITY BANK OF UTAH, N.A.
PAYSON OFFICE 048
95 NORTH MAIN
PAYSON UTAH 84651

CUSTOMER SERVICE WITHIN THE SALT LAKE AREA 246-6600
OUT OF THE SALT LAKE AREA 1-800-574-6600

RD 33

JUNE 9, 1995

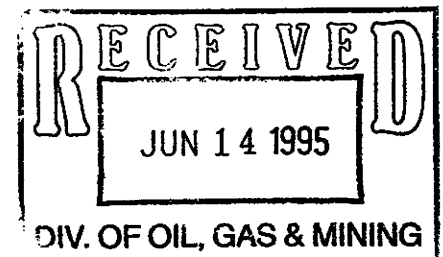
NORTH LILY MINING
FOR UTAH STATE DEPT NATURAL RES
355 W N TEMPLE
SALT LAKE CITY UT 84180

INTEREST NOTICE

TAX ID NUMBER	
ACCOUNT NUMBER	F 03000190170170
NEW BALANCE	\$181,481.4
CURRENT INTEREST RATE	7.500
ANNUAL PERCENTAGE YIELD	7.648
INTEREST AMOUNT	\$3,340.1
ISSUE/RENEWAL DATE	03/15/9
MATURITY DATE	03/15/9

The interest on your MONEY MASTER INSURED TIME DEPOSIT FIXED RATE account for the period beginning 03/16/95 and ending 06/15/95 has been added to the account number shown above. The new balance, interest rate, interest amount, maturity date, and annual percentage yield earned are also listed.

Please contact us if you have any questions. We appreciate your business.



If your TAX ID number is missing or incorrect, please call us.

MEMBER FDIC



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March 30, 1994

Mr. Paul C. Spor
General Manager
North Lily Mining Company
P. O. Box 421
Eureka, Utah 84628

Re: Response to Request for Partial Bond Release, North Lily Mining Company, Tintic Heap Leach Project, M/023/007, Juab County, Utah

Dear Mr. Spor:

The Division has reviewed your February 14, 1994 letter requesting a partial release from North Lily Mining Company's (NLMC) reclamation surety. North Lily is requesting that the Division release 60%, or \$95,340 of the existing surety amount. You indicated that the basis for this request is a Division file memo from Mr. Tony Gallegos, dated July 21, 1993. The memo discusses the of the Division releasing a portion of the existing reclamation surety, equivalent to the amount of reclamation (regrading/recontouring, and backfilling) that has been performed by NLMC to date.

It is true that earth work usually accounts for the largest amount of the reclamation estimate. North Lily has completed the reclamation on the majority of its surface disturbance exception of the main heap leaching and gold processing areas. We have re-evaluated the surety estimate for this project and find that the processing area makes up the greatest portion of the reclamation estimate. We have revised the reclamation surety estimate (copy attached) and the dollar amount to reflect the remaining reclamation requirements. The new surety amount is \$139,700 (1999 dollars).

We will also notify your bank of the reduced surety requirement, which should enable you to return that portion held in excess of the amount determined above. We will need to receive the revised surety (presently a Certificate of Deposit) which reflects the revised dollar amount. If NLMC choose to change their form of surety, please let us know at your earliest convenience and then send you the appropriate forms. We will retain the remainder until NLMC performs the required reclamation for this project. If you have questions in this regard, please contact Wayne Hedberg of the Minerals Program.

Sincerely,

Lowell P. Braxton
Associate Director, Mining

jb

Attachments

cc: Minerals staff (route)

M023007.rel

RELEASE
3/30/94

RECLAMATION ESTIMATE

filename M23-07RD.WB1

North Lily Mining Company (NLMC)

M/023/007

Juab County

Tintic Project - Phase I

last revision

03/29/94

Prepared by Utah State Division of Oil, Gas & Mining

Reclamation Details

-previous estimate \$158,900

- This estimate is in response to the 2/14/94 surety reduction request by NLMC
- Refer to the original reclamation estimate of 3/1/91 for comparison (see attachments)
- This reduction is based on the DOGM inspection memo of 7/21/93
- This reduction applies to reclamation work which has been completed to date, such as: regrading dump areas, initial seeding but no revegetation standard achieved yet
- The cost of seeding an area is retained until the revegetation standard is achieved
- The Yankee area is not included in this project (see exploration file)
- No reclamation has been performed at the minesite (processing area)
- TOTAL DISTURBED AREA = minesite(24.6)+dumps(43.8) = 68.4 acres
- Minesite = heap(16.6)+bldg(1)+all topsoil(3.2)+borrow(2.6)+ponds(1.2)

Description	Amount	\$/Unit	Cost-\$
-Demolish & dispose of bldgs	lump sum	5,000	5,000
-Regrade building site	1.0 acre	300	300
-Decommission heap leach pad	16.6 acre	500	8,300
-Regrade heap leach pad(3:1 slopes)	153,230 CY	0.20	30,646
-Regrade solution ponds	12,000 CY	0.20	2,400
-Apply topsoil to heap leach area	38,000 CY	1.25	47,500
-Ripping roads at minesite (0.50 mph)	1.7 acre	485	825
-Revegetation at minesite	24.6 acre	447	10,996
-North Tailing Dump(Red Dump)RESEED	11.1 acre	200	2,220
-Mammoth Mine Dump-RESEED	15.0 acre	200	3,000
-Grade Centennial-Eureka area - OMIT	17.2 acre	(300)	0
-Centennial-Eureka area-RESEED	17.2 acre	200	3,440
-Grade Grand Central area - OMIT	0.5 acre	(300)	0
-Grand Central area -RESEED	0.5 acre	200	100
-Fence maintenance/monitoring (3 yrs)	3 yr	1,200	3,600
SUBTOTAL			118,327
+ 10% CONTINGENCY			11,833
SUBTOTAL			130,159
+ 5 yr ESCALATION(1.42%)			9,508
TOTAL			139,667
ROUNDED TOTAL(1999-\$)			<u>\$139,700</u>

Amount of reduction = \$19,200

*** Average Cost Per Acre *** = 2,042 \$/acre

RECLAMATION ESTIMATE

North Lily Mining Company

Tintic Project - Phase I

M/023/007 Juab County

last revision 3/1/91

Prepared by Utah State Division of Oil, Gas & Mining

Reclamation Details

- All structures and equipment to be removed from the site
- Heap leach pad 50' high to be neutralized to BWPC required levels
- Heap leach regraded to 3:1 by pushing upslope & covered with topsoil
- Revegetation includes application of fertilizer, mulch & seed
- Yankee area not included in this project (=> Exploration)
- Fence maintenance 1/month for 3 yrs (revegetation success)
- TOTAL DISTURBED AREA = minesite + dumps = 68.4 acres
- Minesite = heap + bldg + all topsoil + borrow + ponds

Description	Amount	\$/Unit	Cost-\$
-Demolish & dispose of bldgs	lump sum	5,000	5,000
-Regrade building site	1.0 acre	300	300
-Decommission heap leach pad	16.6 acre	500	8,300
-Regrade heap leach pad(3:1 slopes)	153,230 CY	0.20	30,646
-Regrade solution ponds	12,000 CY	0.20	2,400
-Apply topsoil to heap leach area	38,000 CY	1.25	47,500
-Ripping roads at minesite (0.50 mph)	1.7 acre	485	825
-Revegetation at minesite	24.6 acre	447	10,996
-Revege North Tailing Dump (Red Dump)	11.1 acre	447	4,962
-Revege Mammoth Mine Dump	15.0 acre	447	6,705
-Grade Centennial-Eureka area	17.2 acre	300	5,160
-Revege Centennial-Eureka area	17.2 acre	447	7,688
-Grade Grand Central area	0.5 acre	300	150
-Revege Grand Central area	0.5 acre	447	224
-Fence maintenance/monitoring (3 yrs)	3 yr	1,200	3,600
SUBTOTAL			134,456
+ 10% CONTINGENCY			13,446
SUBTOTAL			147,902
+ 5 yr ESCALATION(1.45%)			11,038
TOTAL			158,940

ROUNDED TOTAL IN 1996-\$

\$158,900

*** Cost Per Acre *** = 2,323 \$/acre

Reclamation Estimate for North Lily Mining Company
Tintic Project Juab County M/023/007

Prepared By Utah State Division of Oil, Gas and Mining
October 2, 1989

Description	Quantity	Unit	\$/Unit	Cost (\$)
Plant Site Reclamation				
Demolish and Dispose of Buildings		Lump Sum		5,000
Regrade Building Site	1.0	Acres	300	300
Decommission Heap Leach Pad	13.0	Acres	500	6,500
Regrade Heap Leach Pad	120,000	Cubic Yards	0.20	24,000
Regrade Solution Ponds	12,000	Acres	0.20	2,400
Apply Topsoil	29,400	Acres	1.25	36,750
Revegetate	21.0	Acres	447	9,390
Subtotal				84,340
North Tailings Dump Reclamation				
Revegetate (a)	11.1	Acres	447	4,960
Mammoth Mine Dump Reclamation				
Grade for Uniformity	15.0	Acres	300	4,500
Revegetate	15.0	Acres	447	6,710
Subtotal				11,210
Totals				100,510
Add Contingency (10%)				10,050
TOTAL RECLAMATION COST (1989 Dollars)				110,560
TOTAL RECLAMATION COST (1994 Dollars) @ 1.93% Annual Inflation				122,000

Notes: (a) This area has been depleted of ore. The reclamation earthwork was completed in 1989. The revegetation remains and will commence during the fall of 1989.

This estimate includes the reclamation costs required for the expansion of the heap leach pad.

Reclamation Estimate for North Lily Mining Company
Tintic Project Juab County M/023/007

Prepared By Utah State Division of Oil, Gas and Mining
October 2, 1989

Cost Parameters Used

D-8 Dozer (0&0)	160	\$/hour
988B Wheel Loader (0&0)	165	\$/hour
Labor Only	24	\$/hour
Farm Tractor (0&0)	67	\$/hour
Speed	4	mph
Width of Pass	6	feet

Revegetation Cost per Acre	Quantity	Unit	\$/Unit	Total Cost (\$)
Bare Costs				
Fertilizer (18-46-0)	100	Pounds	0.25	25
Seed Mix	20	Pounds	9	180
Native Hay Mulch	2	Tons	50	100
Seed Mix (drilled)	0.5	Hours	24	12
Subtotal				----- 317
Application Costs				
Native Hay Mulch (spread by hand)	3.0	Hours	24	72
Native Hay Mulch (disc into ground)	0.3	Hours	67	23
Fertilizer (broadcast by hand)	0.5	Hours	24	12
Seed Mix (drilled)	0.5	Hours	0	0
Scarify (tractor with chain)	0.3	Hours	67	23
Subtotal				----- 130
Total Revegetation Cost per Acre				447